


BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2003-24-G - ORDER NO. 2003-166
MARCH 21, 2003

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| IN RE: Application of Piedmont Natural Gas |) ORDER APPROVING |
| Company, Inc. for Approval of Modified |) REVISED METER |
| Meter Sampling Program |) SAMPLING |
| |) PROTOCOLS |



I. INTRODUCTION

This matter comes before the South Carolina Public Service Commission (hereinafter the "Commission") by way of the Application of Piedmont Natural Gas Company, Inc. (hereinafter "the Company"), filed on January 24, 2003, for approval of a change to its statistical meter sampling protocols as contained in its modified meter sampling program from those set forth in the American National Standard Institute/American Society for Quality Control standard ANSI/ASQC Z1.4-1993 to those established by ANSI/ASQC Z1.9-1993. The Application was filed pursuant to R.103-836 and 103-475 of the Commission's Rules and Regulations.

On February 12, 2003, the Commission's Executive Director advised the Commission of the staff's receipt of the Application and instructed the Company to cause to be published a prepared Notice of Filing in newspapers of general circulation in the Company's service area. The Notice of Filing indicated the nature of the Company's Application and advised all interested parties desiring to participate in the proceeding of the manner and time in which to file the appropriate pleadings. On February 21, 2003, the Company furnished affidavits and

certification demonstrating that the Notice of Filing and Hearing had been duly published in the Anderson Independent Mail, Spartanburg Herald-Journal, Greenville News, and Gaffney Ledger.

No Petitions to Intervene were filed with the Commission in response to the Company's Application. The Commission received no information, comment or notification of intent to testify and present evidence at a hearing from any outside parties or members of the public in response to the publication by the Company of its request to change its statistical meter sampling protocols. This matter was considered for approval by the full Commission at its regularly scheduled meeting held March 11, 2003. In accordance with S.C. Code Ann. Section 58-5-240(G)(Supp. 2002) a public hearing in this matter was not required as the granting of the Application will "not result in any rate increase to the public utility."

II. DISCUSSION

The Company's present statistical sampling and meter performance controls were approved by this Commission in Order No. 18,340 issued May 26, 1975. Under that Order and in accordance with Commission Rule 103-475, the Company engages in periodic sampling of its in-service meters to ensure that they are achieving required levels of overall accuracy. This statistical sampling is in addition to individual testing required at various times under the Rules of this Commission. Under the Statistical Meter Sampling Program ("Program") which it has used since 1975, the Company utilizes ANSI/ASQC standard protocol Z1.4-1993. The Company reports that this protocol achieves an Acceptable Quality Limit ("AQL") of 6.5; indicating that at least 93.5% of the Company's in-service meters are maintained at a level of accuracy of between 97% and 103%.

In its Application, the Company asserts that the new standard protocol which they propose, ANSI/ASQC Z1.0-1993, achieves an identical AQL for in-service meters of 6.5 but

does so under a reduced sampling regime. Additionally, similar performance is obtained at other AQL's in the proposed standard. The Company further asserts that the proposed ANSI/ASQC standard Z1.9-1993 in use with the Company's testing of new meters should adhere to an AQL standard of 1.5% and accuracy limits of 99% to 100.5% for all new meters.

Although the results of the new standard should yield results nearly identical to the standard used since 1975, the Company alleges that the use of a smaller sampling regime will necessarily result in substantial saving of time and costs to the Company. The Company anticipates no reduction in service or quality assurance and claims that the reduction in costs under the proposed program will necessarily be in the best interests of its ratepayers.

III. FINDINGS OF FACT

Based upon the foregoing considerations and after a full review of the record in this matter, the Commission has made the following findings of fact:

1. That the Company is requesting a change in the method by which it conducts periodic sampling and testing of its in-service gas meters to ensure that they are achieving acceptable levels of overall accuracy;
2. That this proposal changes the methods contained in the current Program used by the Company since 1975, using ANSI/ASQC standard protocol Z1.4-1993, to a program using ANSI/ASQC standard protocol Z1.9-1993;
3. That standard protocol Z1.4-1993 has been proven to achieve an Acceptable Quality Level ("AQL") of 6.5 indicating all of the Company's in-service meters included in its Program have maintained a level of accuracy between 97% and 103%;
4. That the new standard protocols requested by the Company to use in its Program under Z1.9-1993 will achieve an identical 6.5 AQL and overall accuracy of 93.5% or more in its

in-service meters, thereby providing equivalent performance to the standard protocol approved by this Commission and used by the Company since 1975;

5. That the primary difference between the current approved standard protocol used by the Company and that requested in this Application is the actual number of meters to be tested and that under standard protocol Z1.9-1993 a much smaller sample of meters will be tested to verify performance results;

6. That the specific procedures proposed by the Company under ANSI/ASQC Z1.9-1993 will allow for a smaller sample size while demanding an equal or better accurate representation of the performance of all of the Company's in-service meters;

7. That the smaller sampling regimen under standard protocol Z1.9-1993 will not reduce the quality assurance standards of the Company's Program but will result in savings to both the Company and its ratepayers due to significantly decreased maintenance costs based on the smaller number of meters requiring testing.

IV. CONCLUSIONS OF LAW

1. That Piedmont Natural Gas Company, Inc., ("Company") is a gas utility incorporated under the laws of the State of North Carolina and authorized to do business in the State of South Carolina. The Company is subject to the jurisdiction of this Commission, pursuant to S.C. Code Ann. §§58-5-10, et seq. (Supp. 2002);

2. That pursuant to Commission Rule 103-475, among others, the Company is required to engage in periodic statistical sampling of its in-service meters to ensure that they are achieving required levels of quality and overall accuracy;

3. That on May 26, 1975, in Order No. 18,340, this Commission approved a statistical sampling and meter performance control plan for the Company which set forth an AQL of 6.5 to insure that 93.5% or more of its in-service meters would be accurate within $\pm 3\%$;

4. That the Company in its Petition in this matter is seeking a change to its statistical meter sampling program which will maintain the current standard under which it is authorized to operate by this Commission and which is in compliance with the specific test procedures and accuracies requirements set forth in R. 103-470, et. seq.;

5. That the changes in the Company's procedures requested in this Application are designed to reduce the overall cost of the Program and is in the Public interest;

6. That the Company must continue to file with this Commission, as previously ordered, periodic reports, as required by the Commission and its staff, providing data pertaining to the operation of the Program for the purpose of establishing that the Program represents an adequate method of ensuring that the Company is maintaining required levels of quality and overall accuracy in its in-service meters and is protecting the public.

IT IS THEREFORE ORDERED:

1. That Piedmont Natural Gas Company, Inc. is hereby authorized to institute the Statistical Sampling Plan and revised Program requested in this matter, specifically, the Company is authorized to immediately begin the use of ANSI/ASQC standard protocol Z1.9-1993 and to utilize the specific procedures to implement this protocol as set forth in Exhibit A to the Company's Application in this matter;

2. That the remaining conditions and standards of the Company's Program as approved by this Commission and as set forth in Commission Order No. 18,340 shall remain in full force and effect. Specifically, that:

a. all meters in the Program, when tested, shall be adjusted as closely as practicable to the condition of zero error and not to exceed the tolerance of $\pm 1\%$ from zero error;

b. should the performance of all meters in the Program fail to meet the standards of $\pm 3\%$ proof limits, the Company will remove and readjust the entire group of meters to within $\pm 1\%$ within a two-year period;

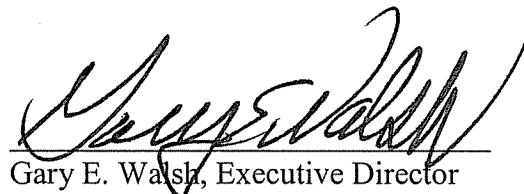
c. the Company is required to submit periodic reports, as required by the Commission staff, providing data pertaining to the Program for the purpose of showing that the Program represents an adequate method of protecting the public.

3. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Mignon L. Clyburn, Chairman

ATTEST:


Gary E. Walsh, Executive Director

(SEAL)